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ABSTRACT

One in a series of consumer education materials for teenagers, this document focuses on banking and banking services. The series is based on the philosophy that teens need the training and guidance to develop the skills needed to become competent consumers. Developed for 4-H Club members, the material is designed to acquaint students with the functions of a bank, and to teach them how to use a checking account and how to write checks. Two sections comprise the guide: the teacher's guide, which contains statement of purpose of individual activities, objectives, ideas, suggested resources, activities for learning experiences, and evaluation; and the student section, which offers background information and specific learning activities. (Author/JR)

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BANKING

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FLORIDA COOPERATIVE EXTENSION SERVICE
INSTITUTE OF FOOD AND AGRICULTURAL SCIENCES
UNIVERSITY OF FLORIDA, GAINESVILLE

TEACHING GUIDE

EXPLORING YOUR WORLD

4-H SI BANKING PROJECT

SPECIAL INTEREST TEACHING GUIDE

Suggestions and Information
Pertaining to the Following Topics:

Bank Services

Writing Checks

Endorsing Checks

Checking Account Records

Types of Checks

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UNIVERSITY OF FLORIDA, GAINESVILLE

SPECIAL INTEREST TEACHING GUIDE

EXPLORING YOUR WORLD

4-H SI BANKING PROJECT

STATEMENT OF PURPOSE

Banks are financial centers. Nearly 90% of all payments are handled by check through banks. Thus, an understanding of banks, checking accounts and the various services offered is vital to one's financial existence.

* * * * *

OBJECTIVES OF BANKING PROJECT

To acquaint the special interest 4-H members with the functions of a bank.

To enable the special interest 4-H members to learn how to use a checking account.

To acquaint the special interest 4-H members with the various aspects of different types of checks.

* * * * *

IDEAS TO TEACH IN BANKING PROJECT

Banks offer a wide variety of services.

A check is a written order to your bank to pay money from your account.

To cash or deposit a check, you must "endorse" it.

Records are an important part of having a checking account. You have a responsibility for keeping your check records in order.

There are six kinds of checks that can be utilized in transferring money from one place to another.

* * * * *

SUGGESTED RESOURCES

People

A local banker is an excellent resource person for the banking project. A banker would be best utilized at the end of the project. In this way the youngsters will have studied about banks and will have questions to ask.

Places

A local bank would be an excellent place for an educational tour. You may find that some of the 4-H members may never have been in a bank.

Literature

YOU CAN BANK ON IT
Florida Cooperative Extension Service. Request from your County Extension 4-H Coordinator. (EHE 94) Free

THE STORY OF CHECKS
Federal Reserve Bank of New York, Public Information Department, 33 Liberty Street, New York, New York 10045. Free

WHAT EVERYONE SHOULD KNOW ABOUT CHECKING ACCOUNTS
City National Bank, 29th at Texas Avenue, Bryan, Texas 77801. Single copies free.

YOUR CHECKING ACCOUNT
Paul S. Amidon & Associates, Inc., 5408 Chicago Avenue South, Minneapolis, Minnesota 55417. 35¢

YOU AND YOUR BANK
Channing L. Bete Co., Inc., Greenfield, Massachusetts 01301. Single copies free.

Audio-Visual Aids

YOUR TOWN
Florida Bankers Association. Request from your local banker. 16 mm film

14 minutes in length. Discusses the various banking services and the part a bank plays in the local community.

PAYING BY CHECK
Florida Bankers Association. Request from your local banker. 16mm film. 14 minutes in length. Discusses the various aspects of checking accounts and checks.

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ACTIVITIES FOR LEARNING EXPERIENCES

The banking project contains five lessons. The topics for the lessons were selected to help the 4-H members gain a better understanding of banks and the checking account service in particular.

The leaflets prepared for this project contain much information. You will find that they can be used as a guide for class discussion. Due to the extent of the content of the leaflets, only activities not mentioned in them will be listed below. Of course, one activity that goes without mention is to have the 4-H members read the material in each leaflet.

1. The movie YOUR TOWN is a good supplement for the topic "Bank Services".

2. The movie PAYING BY CHECK is a good supplement for the topics relating specifically to the personal checking account.

3. A local banker can add much to this project by speaking about the services of a bank and a bank's contribution to the local community. You might ask him to tell of services the 4-H members could use at the present time. Banks are not just for adults.

   It would be good if you would ask the banker to speak about careers in banking. There are several advantages to such careers.

4. A trip to a local bank would be an excellent educational activity, if such a field trip would be possible.

5. The 4-H members might enjoy working out a skit titled "Banks -- Department Stores of Finance". Some of the youngsters could be bank employees and others customers. Play money could be used to add interest as the boys and girls depict opening a checking account; depositing money; buying various types of checks; putting valuables in a safe deposit box; and other services of a bank.

6. Another idea is to have each 4-H member report on one of the many services offered by banks.

7. A survey in the local community would be another type of educational experience. This survey will help the 4-H members learn how well informed adults are about bank services. The survey needs only three questions.
   (1) Do you use any of the services of a bank?
   (2) If yes, what services do you use?
   (3) What other services does your bank offer that you don't use?

8. You might see about getting some extra checks and deposit slips from a bank. These can be used to give the 4-H members extra practice in writing and endorsing checks and depositing money.

* * * * * *

EVALUATION OF LEARNING

You will no doubt wish to evaluate the educational experience this series gave your students. On the next page are some suggestions for evaluations. You may want to pre-test as well as post-test your students. (The answers are given also.)

Matching

_c_ to put money in an acccunt.
_e_ the amount of money in your account.
_a_ the name of the person or organization to whom money is to be paid by check.
_h_ the person who is paying the money by check.
_d_ a check that has been cashed, returned to your bank and recorded on your account.
_i_ a check that has been written, but not cashed or cleared.
_g_ the bank's record of your checking account.
_f_ to make sure your records agree with the bank's records.
_b_ a written order to your bank to pay money from your account.
_j_ to sign your name on the back of a check.

a. payee
b. check
c. deposit
d. cleared check
e. balance
f. reconcile
g. bank statement
h. maker
i. outstanding check
j. endorse
k. travelers check

True-False

_F_ 1. An endorsement is the signature on the front of a check.
_T_ 2. A restrictive endorsement restricts what can be done with a check.
_T_ 3. A transfer endorsement is used to transfer a check made out to you to someone else.
_F_ 4. Bank drafts are the most common check used by people when they're traveling.
_F_ 5. When the word "certified" is stamped on a check it means the check is no good.
_T_ 6. Money put into a checking account is called a demand deposit.
_F_ 7. Banks are not the only financial institutions that offer the checking account service.
_T_ 8. Safe deposit boxes provide protection for valuables from theft and fire.
_T_ 9. The money your money earns in a savings account is called interest.
_F_ 10. You cannot cash a check if your name is misspelled on it.

For the remainder of this suggested evaluation you will need to have a check and a deposit slip for each special interest 4-H member.

Check Writing ---- Make a check payable to Edward Brown for the amount of $162.92.

Check Endorsing -- Pretend you are Edward Brown. Endorse the check using a restrictive endorsement.

Depositing Money - Fill out a deposit slip for the following amounts: 4 pennies; 5 nickels; 2 dimes; 7 quarters; 5 half dollars; 2-one dollar bills; 10-five dollar bills; 4-ten dollar bills; and 1-twenty dollar bill. Three checks in the amount of $16.20; $89.00; and $263.79.

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Home Management and
Family Economics Specialist

MEMBER PIECES

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4H SPECIAL INTEREST BANKING PROJECT

BANK SERVICES

Banks are sometimes called "financial department stores." This is because they have several departments. Each offers a different type of service. You'll find that a bank can help you --

-- pay your bills through a checking account
-- build your wealth through a savings account
-- finance your purchases through the loan department
-- protect your valuables through the use of the safe deposit vault
-- plan your estate through the trust department

CHECKING ACCOUNT SERVICE

Banks are the only financial institutions that offer the checking account service. This is one of the most used services of the bank. Checks are used to make nearly 90% of all payments.

Money put into a checking account is called a demand deposit. This means that it may be withdrawn in whole or in part at any time. No interest may be paid on this type of deposit.

The usual way to get money out of your account is by writing a check. A checking account provides a safe place for your money. It's convenient. And, checks are excellent records of payments.

SAVINGS ACCOUNT SERVICE

A savings account provides a place to put your money to save for something special in the future. With a savings account your money can work for you to make more money. The money that your money makes is called interest. The interest is either paid to you or added to your account. Interest is paid at the end of a certain period of time -- 3-months, 6-months or 12-months.

Savings is a good habit to get into. You don't have to save lots of money at any one time. A small amount will do. You see, small amounts of money saved regularly will result in a large amount of money. For example, if you were to save $1.00 a week, how much would you have in two years?

If you saved your money in a savings account, you'd have even more because of the interest. So why not start saving today? One thing though -- it's easier to save money if you're saving for something special.

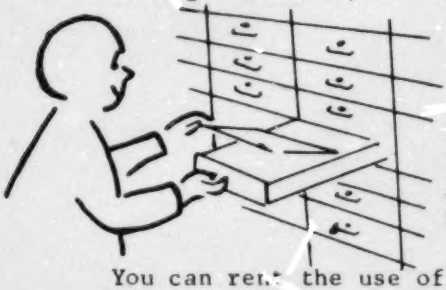
LOAN SERVICE

Lending money is the major function of banks. In fact, it's the chief way in which a bank makes money. They have to make money to pay interest on your savings account and for their other expenses. When you get a loan, you're renting money. You must pay the money back plus some extra. The extra is called interest. This is the amount you pay for the use of the money.

Money can be borrowed for any worthwhile purpose. Some reasons for getting a loan include:

-- buying a car
-- buying a home
-- financing an education
-- making home improvements
-- buying home furnishings and equipment

To borrow money you must fill out some forms and talk with the loan officer. Banks are interested in your ability to repay the money. A good record of paying bills in the past is important to get a loan. After all, they're loaning money from savings accounts, and they don't want to lose any.



SAFE DEPOSIT SERVICE

In the vault of the bank, special drawers have been built. These drawers are called safe deposit boxes. It takes two keys to open these boxes -- yours and one the bank has. So no one can get into the box but you.

You can rent the use of a safe deposit box from a bank for a small fee. Usually important papers and valuable possessions such as jewelry are kept in safe deposit boxes. One of these boxes provides protection from theft and fire.

You can visit your safe deposit box any time during regular banking hours. Banks provide small rooms for you so that you may have complete privacy.

TRUST SERVICE

Through the trust service a bank offers special financial assistance. A bank can look after investments while a person is still living. When a person dies, a bank can take care of the many details that go with settling an estate. A bank can also take care of property for an individual who is not of legal age.

Trust services are helpful. But they probably have little meaning to you at this time of your life. They are a service to remember though.

* * * * *

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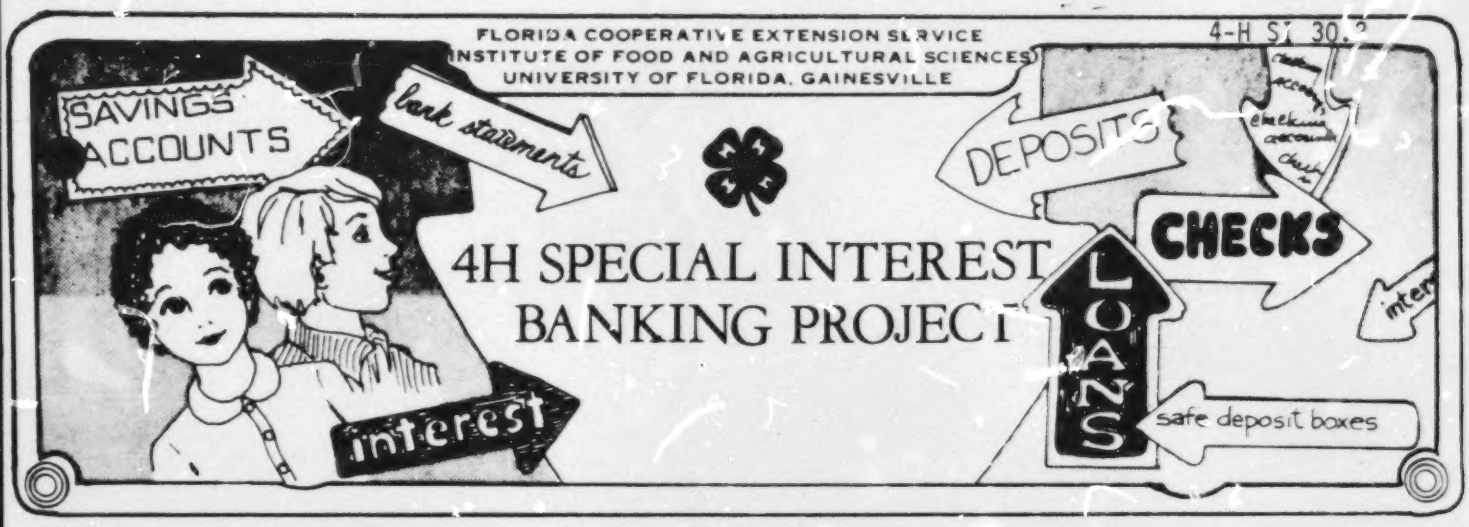


4H SPECIAL INTEREST BANKING PROJECT

WRITING CHECKS

A check is a written order to your bank to pay money from your account. The money is paid to the person you name on your check. This person is called a payee.

HOW TO WRITE A CHECK

You should write checks clearly and completely. Fill out your check record before you write the check. Record keeping is an important part of check writing. Write checks in ink. Never use a pencil. Someone could easily change the amount of the check. There are five facts to be written on the face of the check.

The Date -- Write the date first. This should be the date on which you write the check.

The Payee's Name -- Write this after the printed words "Pay to the Order Of". This is the name of the person or organization to whom the money is to be paid. Be sure to spell the name right.

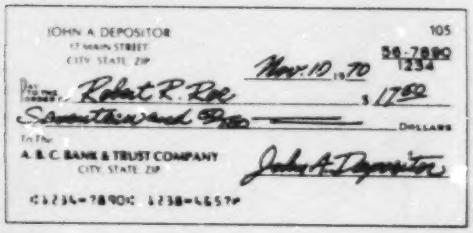
The Amount in Figures -- Write the amount close to the $ sign. This will prevent someone from adding an extra number to the amount.

The Amount in Words -- Start this as far to the left as possible. That way no one can insert a word and raise the amount. Fill in any unused space with a line. If there is a difference between the amount in words and figures, the amount in words determines the amount of the check.

Your Signature -- Sign your name only after all of the other items have been completed. Your signature should look like the signature you have on file at the bank. If your signature card at the bank has your name listed as "John J. Jones", don't sign a check "J. J. Jones".

Never cross out or change any written part of a check. If you make a mistake, write "Void" across the face of the check. You can then tear it up and throw it away.

To the right is a check that has been written correctly. Label each check part in the margins. Then draw lines to the check parts.


JOHN A. DEPOSITOR
17 MAIN STREET
CITY, STATE, ZIP

105

38-7890
1234

Nov. 10, 70

Pay to the order of Robert R. Roe $ 17.50

Seventeen and 50/100 DOLLARS

To The
A. B. C. BANK & TRUST COMPANY
CITY, STATE, ZIP

John A. Depositor

⑆1234-7890⑆ 1238-4657⑈

WORDS TO KNOW

check -- a written order to your bank to pay money from your account.

payee -- the person to whom the money is to be paid. In the check above this is Robert R. Roe.

maker -- the person who is paying the money. In the check above this is John A. Depositor.

amount -- the amount of money to be paid to the payee by the maker. Above, it's $17.50.

drawn -- this word is used to indicate the maker's bank. The check above is "drawn" on A. B. C. Bank and Trust Company.

PRACTICE WRITING CHECKS

Use the following facts for this check:
payee - Susan Smith
date - today's date
amount - $9.60
maker - you

112

_____ 19 _____

PAY
TO THE
ORDER OF _____

_____ DOLLARS

⑆0910-C00⑆ _____

Use the following facts for this check:
payee - James Morrison
date - today's date
amount - $67.85
maker - you

112

PAY _____ 19 _____
TO THE
ORDER OF _____

_____ DOLLARS

⑆0910-000⑆ _____

* * * * *

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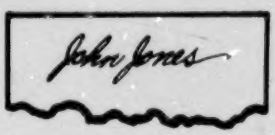
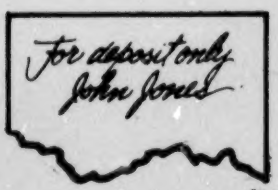
ENDORSING CHECKS

To cash or deposit a check, you must "endorse" it. "Endorsing" means that you sign your name on the back of the check. Your endorsement goes on the left end as you turn the check over. You must sign your name exactly as it appears on the face of the check.

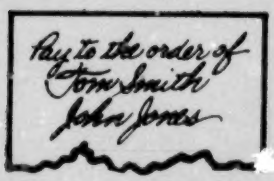
There are four ways to endorse a check. They are explained below. Samples of each are shown.



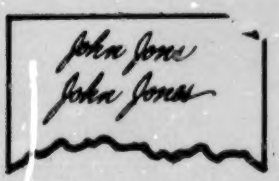
BLANK ENDORSEMENT
You sign your name on the endorsing end of the check. When a check is endorsed this way, anyone can cash it. It's best to use a blank endorsement only at the time and place you intend cashing the check.



RESTRICTIVE ENDORSEMENT
This kind of endorsement restricts what can be done with the check. It's used on checks sent by mail or messenger for deposit. The words "for deposit only" are written first. The signature is written below.

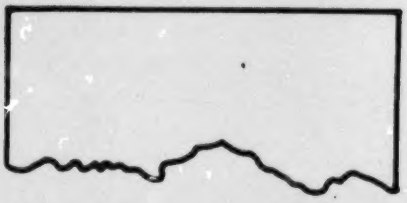


TRANSFER ENDORSEMENT
This kind of endorsement is used when a check is made out to you and you, in turn, want to give it to someone else. You write "Pay to the order of". Then you write the name of the person you're giving the check to. The last thing you do is sign your name. Before the check can be cashed, it must be signed by the person you transferred it to.

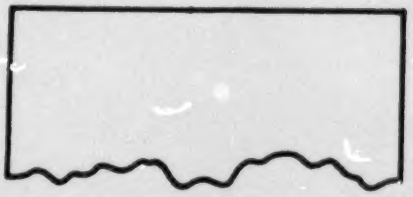


MISSPELLING
Sometimes a check writer may not spell your name right when making out a check to you. If this happens, sign your name exactly as it appears on the front of the check. Then sign your name correctly.

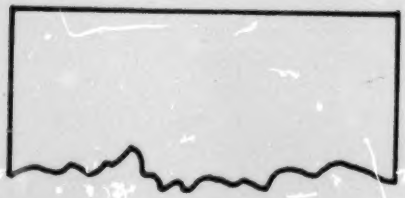
Now it's your turn to practice endorsing a check. Use your own name for the endorsements asked for below.



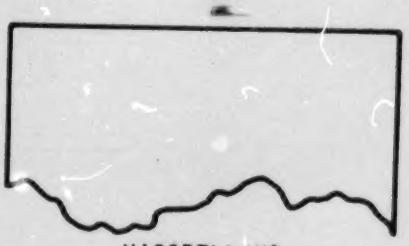
BLANK ENDORSEMENT



RESTRICTIVE ENDORSEMENT



TRANSFER ENDORSEMENT
(Transfer to a friend)



MISSPELLING
(Leave a letter out the first time you write your name)

THINGS TO REMEMBER

Endorse checks in ink.

Make endorsements on the left end as you turn the check over.

Don't endorse checks until they're ready to be cashed, deposited, transferred or sent by mail for deposit.

Cash or deposit a check as soon as possible. After 90 days a bank may question the delay. They may require approval of the check writer. Generally, after 6 years a check cannot be cashed.

WORDS TO KNOW

endorsement -- signature on the back of a check. Sometimes directions may be given about the check also.

blank endorsement -- signature alone.

restrictive endorsement -- restricts what can be done with the check.

transfer endorsement -- used to transfer a check made out to you to someone else.

* * * * *

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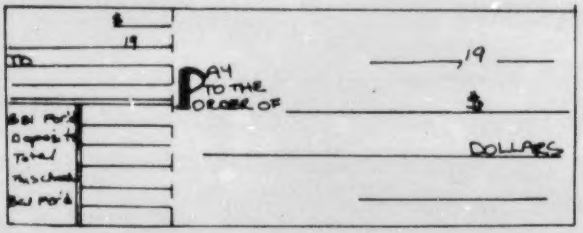
4H SPECIAL INTEREST BANKING PROJECT

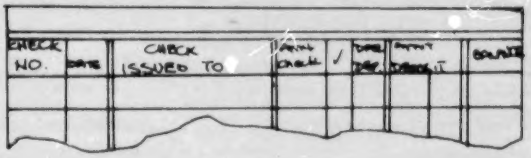
CHECKING ACCOUNT RECORDS

Records are an important part of having a checking account. You need to keep a record of checks as you write them. You must also record money put into your account. And, once a month you need to make sure your checkbook records agree with your bank's records of your account.

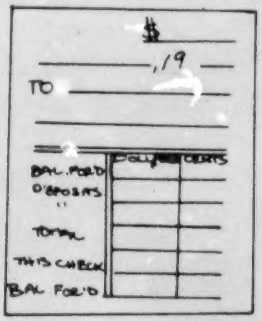
CHECKBOOK RECORDS

Checkbook records are those you keep as you write checks. There are two kinds of checkbook records. One has a stub kind of record. In this case your stub (record) is attached to the check at the left. It remains in your checkbook after you've written a check. The other is a record booklet. It's separate from your checks. But, it's kept with your checks in a special carrier.





Practice filling out a stub for a checkbook. Let's say that your balance is $155.25. The amount of the check is $25.25. The payee is Robert Brown. What amount do you have left in your checking account after writing this check?



Now practice filling out a booklet form of checkbook record with these facts:

check# - 112; amount - $11.00
payee - Sara Williams
check # - 113; amount - $101.04
payee - Good Car Co.
check # - 114; amount - $27.70
payee - Powerful Lite Co.
check # - 115; amount - $8.65
payee - Talk-A-Lot Phone Co.

CHECK NO.	DATE	CHECK ISSUED TO	AMOUNT OF CHECK	DATE OF DEP.	AMOUNT OF DEPOSIT	BALANCE
						155 25

DEPOSITING MONEY

To put money in your checking account, you make what are called deposits. To make a deposit you must fill out a deposit ticket. You need to list the amount of each check on the deposit ticket. If you're depositing any coins or paper currency, list this amount. Then total the amounts. Now you're ready to make a deposit.

Practice filling out the deposit slip to the right. Let's say that you're going to deposit checks for $115.00; $37.50; and $5.09. You're also depositing one $10 bill; four $5 bills; three $1 bills; three quarters; five dimes; and two nickels. What's your total deposit?

CURRENCY		
COINS		
CHECKS		
TOTAL		

RECONCILING YOUR BANK STATEMENT

Every month your bank sends you a statement of your account. It's important for you to make sure their record and yours agree. This is called "reconciling" your account. To do this you should:

1. sort the cancelled checks by date and number.
2. match checks against your checkbook record.
3. add the amounts of checks "outstanding" (written but not cashed or cleared).
4. subtract the amount in #3 from the amount your bank says you have.
5. add any deposits you've made that aren't shown on the bank statement.
6. now the bank statement and your checkbook balance should agree. If not, it's time to start re-checking your addition and subtraction. Bank computers are less likely to make mistakes than human brains!

Use the form to the right to practice reconciling a bank statement. Your bank statement says you have $347.50 in your account. But your checkbook says you've got $265.23. You have four outstanding checks: $60.84; $120.98; $20.45; and $7.00. A deposit for $127.00 is not recorded on the bank statement either.

Bank Statement	$
Outstanding Checks	$
Sub-Total	$
Deposits	$
Balance	$

WORDS TO KNOW

DEPOSIT -- to put money in an account.

CLEARED CHECK -- a check that has been cashed by the payee, returned to your bank and recorded on your account.

OUTSTANDING CHECK -- a check that has been written but not cashed or cleared.

RECONCILE -- to make sure your records agree with the bank's record.

BALANCE -- the amount of money in your account.

BANK STATEMENT -- the bank's record of your checking account.

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4H SPECIAL INTEREST BANKING PROJECT

TYPES OF CHECKS

There are times when you need to transfer or carry money from one place to another. Sometimes it's not safe to transfer or carry the money itself. For these times you can choose among six ways to get money from one place to another. These ways don't involve the actual money.

PERSONAL CHECKS

You can use your own personal check to transfer money from one place to another. You'll find that a personal check will do the job in most cases. However, there are times when a personal check isn't acceptable. This usually is when a large amount of money is involved or identification is difficult. For cases like this there's a variety of other types of checks available. They offer both convenience and safety in carrying or transfering money.

CERTIFIED CHECK

A certified check is your own personal check on which the bank places a special stamp. The stamp states that the check is "certified". This means that the amount of money the check is made out for has been taken from your checking account. This money has been placed in a special fund to wait until the check comes back to the bank to be cleared. This assures the payee that the check is good.

You might use this form of payment for a large purchase. You might also use it in cases where you are unknown. Most banks do make a small charge for this service.

TRAVELERS CHECKS

Travelers checks are used by people when they're traveling. This is because identification is difficult where you are not known.

When you need travelers checks you go to your bank. There you can buy these checks in amounts of $10, $20, $50, $100 or more. If you need $100 in checks, you might get ten $10 checks, five $20 checks or two $50 checks. You wouldn't want to get one $100 check. Once you cashed it you would have all the money. The purpose of travelers checks is to be able to get small amounts of money as you need it so you don't have to carry large amounts of money with you.

You pay the total amount of the travelers checks at the time of purchase. You also pay a small fee for each check. At the time you buy the checks you sign each one. Then when you want to cash a check, you sign it again. By checking the two signatures, the person cashing the check can tell it's you. He also knows he'll get his money back since you've already paid your money for the check.

Travelers checks provide a safe way to carry money. They also assure you of being able to get the actual money when you need it and are in a place where you are not known.

CASHIER'S CHECK

A cashier's check may also be called a treasurer's check. A cashier's check is a check that the bank draws on its own funds. You buy the check from the bank by giving to the bank the amount of money you want the check made out for. You also have to pay a service fee.

BANK DRAFT

A bank draft is a check that a bank draws on funds it has on deposit in another bank. You might use a bank draft if you wanted to make a payment in a distant city. To purchase a bank draft, you pay the bank the amount of money to be sent, plus a small fee.

MONEY ORDER

This is another means of transferring money from place to place. As in the other cases, you pay the amount you need, plus a service fee. This method of transferring money is used most often by those who don't have a checking account.

Banks are not the only places where you can buy money orders. You'll find many convenience stores offer this type of service also.

THINGS TO DO

1. Find out the cost of the service fee to have $100 transferred by way of a certified check, bank draft, cashier's check and money order. Also find out the cost of $100 worth of travelers checks. Why is a service fee charged?
2. Make a list of the names and number of bank TV commercials between 6 p.m. and 11 p.m.
3. Make a scrapbook of newspaper and magazine ads related to banks.
4. Make up some skits to show some bank activities. You will need some play money and some materials from a bank. Below are some suggestions:
   ** opening a checking account
   ** making a checking account deposit
   ** making a savings account withdrawal
   ** putting things in a safety deposit box.

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